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NATIONAL RECOVERY ADMINISTRATION

CODE OF FAIR COMPETITION

FOR THE

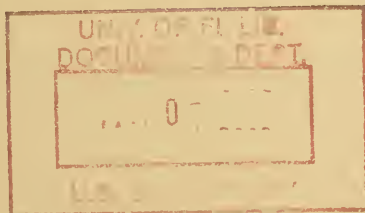
HOSIERY INDUSTRY

AS SUBMITTED TO THE ADMINISTRATOR AUGUST 1, 1933

AND AS APPROVED BY PRESIDENT ROOSEVELT

ON AUGUST 26, 1933

REGISTRY No. 241—02



UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1933

EXECUTIVE ORDER.

CODE OF FAIR COMPETITION FOR THE HOSIERY INDUSTRY

An application having been duly made, pursuant to and in full compliance with the provisions of Title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a Code of Fair Competition for the Hosiery Industry, and hearings having been held thereon and the Administrator having rendered his report containing an analysis of the said Code of Fair Competition together with his recommendations and findings with respect thereto, and the Administrator having found that the said Code of Fair Competition complies in all respects with the pertinent provisions of Title I of the said Act and that the requirements of clauses (1) and (2) of subsection (a) of Section 3 of the said Act have been met:

Now, Therefore, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by Title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do adopt and approve the report, recommendations, and findings of the Administrator and do order that the said Code of Fair Competition be and it is hereby approved.

Approval Recommended:

(Signed) Hugh S. Johnson

(Signed) FRANKLIN D. ROOSEVELT.

The WHITE HOUSE,
August 26, 1933.

(II)

LETTER OF TRANSMITTAL

AUGUST 25, 1933.

TO GENERAL HUGH S. JOHNSON,
Administrator NRA.

I have the honour to hand you herewith certain documents relating to a code for the Hosiery Industry.

1. The HOSIERY CODE as recommended.
2. A REORT of the Deputy, analyzing the Code and discussing the effect of its hours and wage provisions.
3. TRANSCRIPT OF HEARING.
4. NOTICE OF HEARING.

The Industrial Adviser on the Hosiery Code was Dr. George W. Taylor of the University of Pennsylvania, who for seven years has been connected with the Industrial Research Department of that institution. In this capacity he has gained an extraordinary familiarity with the Hosiery Industry and much of the attached report is based on information which he furnished.

By arrangement with me, the Research and Planning Division will furnish no separate report on the Hosiery Industry and approves the data which Doctor Taylor has given me and which I present to you.

The Labor Adviser on the Code was Mr. Sidney Hillman, and the Consumers' Adviser was Mr. C. C. Balderston, to both of whom I am greatly indebted for valuable assistance and advice.

Yours faithfully,

LINDSAY ROGERS,
Deputy Administrator.

Approved:

* GEORGE W. TAYLOR,
Representing the Industrial Advisory Board.
SIDNEY HILLMAN,
Representing the Labor Advisory Board.
* C. C. BALDERSTON,
Representing the Consumers' Advisory Board.
ERNEST A. GROSS,
Legal Adviser.

(III)

* Approved before leaving for Philadelphia.



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CODE OF FAIR COMPETITION FOR THE HOSIERY INDUSTRY

ARTICLE I—PURPOSE

To effectuate the policy of Title I of the National Industrial Recovery Act, the following provisions are submitted as a Code of Fair Competition for the Hosiery Industry, and upon acceptance by the President, shall be the standard of Fair Competition for this industry.

ARTICLE II—DEFINITIONS

1. The term "Hosiery Industry", as used herein, includes the manufacturing, finishing, repairing, selling, and/or distributing by manufacturers at wholesale or retail, or distributing by wholesalers and selling agents, of hosiery, and other related branches, as may from time to time be included under the provisions of this Code.

2. The term "productive operations" is meant to embrace those operations in the plant which have to do with the manufacturing and packing of hosiery, to the point where it is ready for storage or shipment.

3. The term "Association" shall be understood to mean the National Association of Hosiery Manufacturers.

4. The term "person" shall include natural persons, partnerships, associations, and corporations.

5. The term "Code Authority" shall refer to the Hosiery Code Authority as described in Article IX of this Code.

6. The term "productive equipment" when used in this Code shall refer to knitting machines.

7. The term "Sub-standard employee" shall mean one whose established capacity to produce is substantially below the minimum acceptable performance for the class of work he is doing.

ARTICLE III—DATE CODE GOES INTO EFFECT

This Code shall go into effect the second Monday following the date on which it shall be approved by the President.

ARTICLE IV—HOURS OF WORK

1. On and after the date on which this Code goes into effect, no person in the Hosiery Industry shall employ any employee in productive operations on a schedule of hours of labor which shall exceed forty (40) hours per week.

2. It is understood that the above limitation on hours of work shall not apply to office employees, supervisors, foremen, engineers, firemen, electricians, repairshop men, dyers, shipping force, watchmen,

cleaners, outside workers, sales force, and those engaged in emergency maintenance or repair work.

3. On and after September 4, 1933, the maximum number of hours for office employees in the Hosiery Industry shall not exceed an average of forty (40) hours per week over each period of six months.

4. On or before January 1, 1934, the Code Authority shall prepare and submit to the Administrator suggestions for a schedule of maximum hours and minimum wages to apply to those employees excepted under Section 2 of this Article.

5. It is interpreted that the provisions for maximum hours establish a maximum of hours of labor per week for every employee covered, so that under no circumstances will such an employee be employed or permitted to work for one or more employers in the Industry in the aggregate in excess of the prescribed number of hours in a single week.

6. The productive operations of a plant shall not exceed two shifts of forty (40) hours each per week. The work week for productive operations, except dyeing, shall not exceed five (5) days of eight (8) hours each. These days shall be Monday to Friday, inclusive, except in those states where the state laws operate to prevent the operation of two forty (40) hour shifts within the mentioned five (5) days. In such states, the employer may operate one shift on Saturday, not to exceed four (4) hours, it being definitely understood that his total machine hours shall not exceed eighty (80) hours per week.

7. For a period of six (6) months following the date on which this Code goes into effect, full-fashioned hosiery plants whose footing equipment on July 24, 1933, was being operated on a two-shift basis may continue to operate such equipment on a two-shift basis, but the length of each of these shifts shall not exceed thirty-five (35) hours per week. The rates paid to knitters, knitting-helpers, and toppers working on these thirty-five (35) hour shifts, shall be such as to provide them earnings equal to those which they would receive if working on forty (40) hour shifts. Full-fashioned hosiery mills whose footing equipment on July 24, 1933, was being operated on a one-shift basis shall not, during said six (6) months, operate such equipment more than one shift of forty (40) hours per week. Not later than thirty (30) days before the expiration of the mentioned six (6) months, the Code Authority shall submit, for the Administrator's approval, a recommendation for determining a more permanent policy respecting footer operation designed to effect a reasonable balance between production and demand.

8. Manufacturers of woolen hosiery may operate their knitting equipment not to exceed three (3) shifts of forty (40) hours each until December 31, 1933, after which time their knitting operations shall be limited to two (2) shifts of forty (40) hours each. This exception applies only to the manufacture of hosiery which contains at least twenty percent (20%) of wool.

ARTICLE V—WAGES

On and after the date on which this Code becomes effective the minimum wage, on the basis of forty (40) hours' labor per week, to be paid by all employers in the Hosiery Industry shall be at the following rates:

1. FULL-FASHIONED MANUFACTURE

Classification of workers	Minimum weekly rate	
	North	South
Class 1: Leggers, footers:		
36 gauge and below.....	\$18. 50	\$16. 75
39 gauge.....	20. 00	18. 00
42 gauge.....	21. 50	19. 50
45 gauge.....	23. 50	21. 25
48 gauge.....	25. 50	23. 00
51 gauge and above.....	27. 50	24. 75
Class 2: Boarders.....	17. 00	15. 50
Class 3: Toppers, loopers, seamers, skein winders, menders, pairers, finished inspectors, helpers on knitting (over six months' training), pairer-folders.....	15. 00	13. 50
Class 4: Stampers, boxers, gray examiners, folders, cone-winders, other productive workers, learners (including machine helpers), for the second 3 months of their training.....	13. 00	12. 00
Class 5: Learners (including machine helpers), for the first 3 months of their training.....	8. 00	8. 00

2. SEAMLESS MANUFACTURE

Classification of workers	Minimum weekly rate	
	North	South
Class 1: Machine fixers.....	\$18. 00	\$16. 25
Class 2: Knitters (above 240 needle), loopers (above 240 needle), boarders.....	14. 00	12. 75
Class 3: Knitters (240 needle and below), loopers (240 needle and below), seamers, toppers, menders, pairers, welters, trimmers, stampers, folders, boxers, inspectors, winders, knitters (ribbed top), shipping help, machine fixer helpers, other productive workers.....	13. 00	12. 00
Class 4: Learners (first 3 months' training).....	8. 00	8. 00

3. It is interpreted that the provisions for a minimum wage in this Code establish a guaranteed minimum rate of pay per hour of employment regardless of whether the employee's compensation is based on a time rate or upon a piecework performance. This is to avoid frustration of the purpose of the Code by changing from hour to piecework rules.

4. The territory constituting "South" embraces the States of Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

5. The learner's first three (3) months' training provided for under Class 5 of Section 1 and Class 4 of Section 2 of this article is the aggregate of his or her first three (3) months' training within the industry, whether continuous or not, and whether employed by or permitted to work for one or more employers.

6. The practice of requiring or permitting a knitter to pay part or all of the wages of a knitter-helper is prohibited. The full wages of all employees shall be paid by the employer.

7. The amount of production of work required of any employee shall not be increased over that required for the same class of work prior to July 15, 1933, for the purpose of avoiding the benefits to employees prescribed by this Code with respect to wages and hours of employment.

8. The minimum wages of substandard employees shall not be more than twenty percent (20%) below those of regular employees

in the same class of work. The total number of substandard employees shall not at any time exceed five percent (5%) of all the productive employees of the plant. They shall be registered with the Code Authority in such manner as it may specify.

9. On and after the date on which the Code goes into effect, the minimum wages paid by employers in the Hosiery Industry to all employees not specified in Sections 1 and 2 of this Article, except cleaners, outside workers and substandard workers, shall be at the rate of twelve dollars (\$12.00) per week in the South and at the rate of thirteen dollars (\$13.00) in the North for forty (40) hours of labor.

ARTICLE VI—CONDITIONS OF WORK

1. All productive operations shall be carried on on the premises of a plant, this being understood to specifically prohibit the farming out of work to be done in private homes or elsewhere than in a plant. Exceptions, in the cases of individual workers, may be granted where the proofs show that the worker can only work at home, and requires such work as a means of livelihood. Permits for exceptions shall be procurable from the Code Authority which will prescribe the manner and conditions under which they shall be considered.

2. On and after the date on which this Code shall be in effect, no person in the Hosiery Industry shall employ any minor under the age of sixteen (16) years.

3. (a) All full fashioned footing machines shall be operated on a single-machine basis, i.e., one knitter, or one knitter and one knitting-helper, to one machine.

(b) Under no condition is a knitter to operate more than two full fashioned legging machines. When operating two such legging machines, he shall be assisted by two knitting-helpers.

(c) The Code Authority shall collect information on the extent of double-machine full fashioned legging operations as of July 15th and as of September 15th, and make such recommendations to the Administrator as it may see fit. Pending such recommendations, full fashioned legging machines operating on a single-machine basis shall continue on such basis.

ARTICLE VII—REPORTS AND DATA

For the purpose of judging the observance of the Code, of gauging the extent to which the objectives of the National Industrial Recovery Act are being attained, and of being able to intelligently make any necessary amendments or additions to the Code, each person engaged in the manufacture of hosiery shall furnish the National Association of Hosiery Manufacturers properly certified reports of such character and in such form as the Association may prescribe. Among such reports to be required are the following:

1. *Advance basic report*, covering recent shipment or production figures in the terms of styles commonly accepted in the trade, hours of work, plant operation hours, wages and equipment, etc.

2. *Weekly shipment report*.

3. *Monthly production, production and selling costs, shipments, stocks on hand, change in equipment, wages and hours of labor report.*

ARTICLE VIII—FAIR TRADE PRACTICE

To assure fair competition in the Industry and proper practices in the merchandising of hosiery, the following fair trade practice provisions are made a part of the Code and binding on all hosiery manufacturers:

1. *Contracts.*—(a) Written orders, as well as oral orders based on practice established between the buyer and the seller concerned, shall be performed on the terms specified.

(b) The practice of permitting the listing of a style by a customer without a definite quantity contract is unfair trade practice.

(c) The Association shall develop uniform conditions of sale for the use of the industry.

2. *Price guarantees.*—To guarantee prices against decline is an unfair trade practice.

3. *Bonuses, rebates, discounts, et cetera.*—To allow commissions, bonuses, rebates, refunds, credits, unearned discounts, or subsidies of any kind, to a purchaser, whether in the form of money, services, payment of any part of the wages of a customer's employee, advertising or otherwise, or the return of merchandise except for mill imperfections, or the giving of premiums, when not extended to all purchasers under like terms and conditions, is an unfair trade practice.

Hosiery manufacturers selling merchandise under their own brands shall have the right to enter arrangements for cooperative advertising of such brands. Such manufacturers may also offer exchange merchandise services, returns for credit excepted, provided that such practices are part of their regular and customary merchandising methods, and provided that these privileges are open to all customers of such manufacturers. The manufacturer's share of cooperative advertising referred to above shall not exceed fifty (50) percent of the amount actually spent.

4. *Selling below cost, et cetera.*—(a) The selling of merchandise below cost, except as provided under subsection C of this section and section 8 of this article, is unfair trade practice.

(b) The billing of customers' sample requirements at less than regular stock prices is unfair trade practice.

(c) All closeouts of discontinued styles and/or sizes and/or broken assortments, if sold below cost, shall be stamped "Discontinued" on each hose with an indelible transfer ordered only through the Association.

(d) Each manufacturer in the Industry shall determine costs in a manner approved by the Code Authority.

5. *Shipments on consignment.*—To ship hosiery on consignment or on memorandum is unfair trade practice.

6. *Commercial bribery.*—The giving of gratuities or bribes, for the purpose of obtaining commercial advantage or preference, whether in the form of money, goods, or privileges, is unfair trade practice.

7. *Return of merchandise for refinishing.*—To allow a customer to return merchandise for refinishing or redyeing without charging actual cost therefor is unfair trade practice.

8. *Sale of merchandise other than first quality.*—(a) The sale of irregulars or seconds in the packing of firsts, with the intent or effect of deceiving the purchaser or the ultimate consumer, is unfair trade practice.

(b) All full-fashioned hosiery, and all seamless hosiery other than bundle goods, which is not first quality, shall be stamped or transferred either "Irregulars" or "Seconds" on the toe or sole of each hose, except that goods of a lower classification commonly known as thirds must be stamped or transferred "Thirds."

(c) All stamping of this nature must be indelible. The words "Irregulars", "Seconds", or "Thirds", must be in full-face type letters of not less than three sixteenths of an inch in height.

9. *Sale of mill runs.*—To sell hosiery commonly known as "Mill Runs" containing hose which according to proper inspection as generally practiced by the industry would be classified as "Irregulars" or "Seconds", with the intent or effect of deceiving the ultimate consumer, is unfair trade practice.

10. *Substitution.*—To ship or deliver hosiery which does not conform in quality and value to the samples submitted or representations made prior to securing the order, without the knowledge or consent of the purchaser to such substitutions, is unfair trade practice.

11. *Misbranding and improper marking.*—To sell hosiery marked or branded falsely with the effect of misleading or deceiving purchasers or the ultimate consumer with respect to price, quantity, quality, gauge, grade, substance, or value of the merchandise is unfair trade practice.

12. *Misrepresentation of materials.*—(a) If any definite section or sections of the hose be made of a material entirely different from that of the bulk or body of the stocking, when such material gives the appearance of silk, the hose must be stamped with the names of both materials.

(b) No material or content shall be stamped on any hose unless it represents at least five per cent (5%) of the hose by weight. When two or more contents exist, if any content is stamped on the hose, all contents constituting five per cent (5%) or more of the weight of the hose shall be stamped and in the order of major content.

13. *Imitation of competitor's marks.*—The imitation of the trade marks, trade names, slogans, or other marks of identification of competitors, having the tendency to mislead or deceive the ultimate consumer, is an unfair trade practice.

14. *Observance of Code.*—The failure to observe any rule in this Article of the Code, even if it does not contain the words "unfair trade practices", is a violation of the Code.

15. *Arbitration.*—All disputes, pertaining to the interpretation of the Fair Trade provisions described in this Article of the Code, shall be submitted to such forms of arbitration as may be set up by the Association.

ARTICLE IX—COORDINATION AND ADMINISTRATION

1. A Hosiery Code Authority shall be established for the purpose of administering this Code and for all other purposes hereinafter set forth. The Code Authority shall be constituted as follows:

(a) Eight (8) members, representative of employers, shall be appointed by the Board of Directors of the Association.

(b) Two (2) members, representative of labor, shall be appointed by the Administrator, on nomination of the Labor Advisory Board.

(c) Two (2) members shall be appointed by the Administrator.

2. For the purpose of assuring to the Code Authority the advice and suggestions of the major branches of the Industry, the Association shall provide for the selection in each major branch of the Industry of an Advisory Committee. Such Advisory Committee shall make such recommendations to the Code Authority as they may deem necessary and advisable with reference to their particular branch of the Industry. They may also submit recommendations affecting the whole Industry. Such recommendations, when approved by the Code Authority, and by the Administrator, shall become a part of this Code and shall have full force and effect as provisions thereof.

3. It shall be the duty of the Code Authority to:

(a) Issue and distribute to all persons in the Industry, from time to time, such posters or notices as, in its judgment, shall be displayed in the plants of the Industry for the purpose of bringing to the attention of all employees, provisions of the Code which affect them, and interpretations thereof by the Code Authority. The Code Authority may specify the manner in which such notices or posters shall be displayed. Failure to comply with such instructions shall be an infraction of the Code.

(b) Review all questions or disputes arising under this Code. It shall have the power, subject to the approval of the Administrator, to dispose of such issues directly or by such means or media as it may designate or set up for the purpose.

(c) Report to the Administrator all violations or infractions of the Code which have been submitted to it in writing. The Code Authority may submit with such reports its recommendations as to appropriate action thereon.

(d) Investigate the importation of competitive articles into the United States on such terms or under such conditions as to render ineffective or seriously endanger the maintenance of this Code, and act as the agency for making complaint to the President on behalf of the Hosiery Industry.

(e) Submit to the Administrator from time to time such recommendations as, in its judgment, will have the effect of improving the Code, or of improving the results secured thereunder, any of which recommendations, when approved by the Administrator, shall have force and effect as provisions of this Code. Every recommendation shall be made only after a proper canvass of the opinion of the Industry. In submitting any recommendation to the Administrator, the aggregate number of mills as well as the aggregate productive capacity, favoring or opposing the recommendation, shall be indicated. Such recommendations shall, among others, be of the following character:

(1) Recommendations for changes in those provisions of the Code which relate to hours of work, plant hours, minimum wages and working conditions, as may seem desirable in the light of experience under the Code.

(2) Recommendations for changes and additions in those provisions of the Code which relate to fair trade practices.

(3) Recommendations (a) for the requirement by the Administrator of registration by persons engaged in the Hosiery Industry of their productive equipment, (b) for the requirement by the Administrator that prior to the installation of additional productive equipment (except for the replacement of existing equipment of equal capacity or to establish balance in existing equipment) by persons engaged or engaging in the Hosiery Industry, such persons shall secure certificates that such installation will be in accord with the objectives of the Act.

(4) Recommendations for the acquisition and disposal of surplus used equipment, or the scrapping of fully depreciated obsolete equipment, and as an aid to maintaining proper balance between productive capacity and expectable demand.

(5) Recommendations as to requirements by the Administrator of uniform methods of cost accounting to assure against unfair competition and a demoralization of the market through selling below cost (other than distress merchandise), and otherwise to assure compliance with the provisions of the Code.

4. The cost of the administration needed to secure proper observance of this Code and any additions thereto, the compilation of statistical data, and such other activities as may be necessary shall be apportioned pro rata, so far as is practicable, to all persons in the Industry whether or not they are members of the National Association of Hosiery Manufacturers.

ARTICLE X—ADJUSTMENT OF PRIOR CONTRACTS

Where the costs of executing contracts entered into in the Industry prior to June 16, 1933, are increased by the application of the provisions of this Code to the Industry, it is equitable and promotive of the purposes of this Code that appropriate adjustments of such contracts to reflect such increased costs be arrived at. Further, if the fulfillment of orders is delayed or prolonged as the result of the operations of this Code, appropriate additional time shall be allowed for the completion of such orders. The Association is constituted an agency to assist in effecting such adjustments.

ARTICLE XI—RIGHTS OF EMPLOYEES

National Industrial Recovery Act, Section 7, subsection a, "(1) Employees shall have the right to organize and bargain collectively through representatives of their own choosing, and shall be free from the interference, restraint, or coercion of employers of labor, or their agents, in the designation of such representatives or in self-organization or in other concerted activities for the purpose of collective bargaining or other mutual aid or protection; (2) No employee and no one seeking employment shall be required as a

condition of employment to join any company union or to refrain from joining, organizing, or assisting a labor organization of his own choosing; and (3) Employers shall comply with the maximum hours of labor, minimum rates of pay, and other conditions of employment, approved or prescribed by the President."

ARTICLE XII—MONOPOLY AND DISCRIMINATION

No provision of this Code shall be interpreted or applied in any manner which shall—

1. Promote monopolies.
2. Permit or encourage unfair competition.
3. Eliminate, oppress, or discriminate against small enterprises.

ARTICLE XIII—AMENDMENTS AND ADDITIONS TO CODE

1. This Code takes into consideration the provisions of Section 10, Subsection b, of the National Industrial Recovery Act, by which "The President may from time to time cancel or modify any order, approval, license, rule, or regulation issued under this title; and each agreement, code of fair competition, or license approved, prescribed, or issued under this title shall contain an express provision to that effect."

2. It is anticipated that experience under the Code will suggest or demand modifications of or additions thereto, to better accomplish the objectives sought by the National Industrial Recovery Act. Any proposed changes or addition will be submitted for the approval of the President.

REPORT ON A CODE FOR THE HOSIERY INDUSTRY

The Hosiery Industry includes manufacturers and distributors of various types of full-fashioned and of seamless hosiery. The one representative trade association of the industry is the National Association of Hosiery Manufacturers. According to a survey recently undertaken by the Association, its members operate over seventy percent (70%) of the total full-fashioned equipment of the industry, and account for approximately seventy-eight percent (78%) of the total shipments of fashioned hosiery. In the seamless branch of the industry, members of this Association are responsible for nearly seventy percent (70%) of total shipments and operate over two thirds ($\frac{2}{3}$) of the machine equipment.

By an executive order dated July 26, 1933, the National Association of Hosiery Manufacturers agreed with the President that pending the approval of a code of fair competition for the industry, member manufacturers should be bound by certain provisions of their proposed code of fair competition, to wit: the provisions fixing maximum hours and minimum wages for various crafts and putting limitations on the use of machinery. A code of fair competition for the Hosiery Industry was submitted to the Administrator on August 1, 1933; a hearing was held on August 10, 1933, the code was revised in subsequent conferences, and is herewith recommended for executive approval.

The Code of Fair Competition for the Hosiery Industry as recommended may be summarized as follows:

Article I enumerates the purposes of the Code.

Article II sets forth certain definitions.

Article III specifies the date the Code shall go into effect.

Article IV lists the provisions relating to hours of labor and limits the operation of productive equipment.

Article V designates the minimum weekly wages payable to employees in various occupational groups, and places certain interpretations upon the application of these minimum rates.

Article VI prohibits the farming out of work to private homes, specifies that minors under sixteen (16) years of age are not to be employed, and provides against extension of machine stretch-out.

Article VII outlines the manner in which statistical reports and data are to be collected.

Article VIII enumerates the fair trade practice provisions of the Code.

Article IX provides for the establishment of a Hosiery Code Authority.

Article X constitutes a means for assisting in the adjustment of contracts made prior to June 16, 1933.

Article XI quotes the provision of Section 7 (Subsection (a)) of the National Industrial Recovery Act.

Article XII insures against applying the Code to promote monopolies, permit unfair trade practice, or discriminate against small enterprises.

Article XIII quotes the provisions of Section 10 (Subsection (b)) of the National Industrial Recovery Act with respect to amendments or additions to Code.

LOCATION OF INDUSTRY

A census made in July 1933 shows that there are eight hundred and fifty-three (853) hosiery manufacturing establishments in the United States, two hundred and eighty-eight (288) engaged principally in the knitting of full-fashioned hosiery, while five hundred and sixty-five (565) are classed as seamless plants, certain of which manufacture other types of knit goods. About one half ($\frac{1}{2}$) of the fashioned mills, operating fifty-eight percent (58%) of the full-fashioned equipment of the industry, are located in Pennsylvania, mainly in the cities of Philadelphia and Reading. Other important centers of full-fashioned manufacture are North Carolina, the New York-New Jersey district and the Middle West, which includes the important Wisconsin district. The seamless plants are more widely scattered throughout thirty-three (33) states, but almost one fourth ($\frac{1}{4}$) are located in North Carolina and nearly one half ($\frac{1}{2}$) in the southern states. Pennsylvania is also an important center for seamless manufacture, its mills representing over twenty-three percent (23%) of the total number of manufacturing establishments.

PRODUCTION AND HOURS OF WORK

The production of hosiery of all types combined has not been subject to extreme yearly fluctuations within the past decade. It is significant that, even since 1929, the industry has experienced but a relatively minor decrease in the total dozen pairs it has manufactured and shipped. In 1932, for instance, production was only about twelve and two-tenths percent (12.2%) below the level attained in 1929, the year of peak production. These facts are evident from the following table:

Production trends in the hosiery industry, 1923-1932

Year	Production ¹	Production index	Value of production	Average number wage earners
	<i>Million dozen pairs</i>		<i>Millions of dollars</i>	
1923.....	97.4	87.6	378.7	96,957
1925.....	99.8	89.7	403.9	103,930
1927.....	103.2	92.8	440.6	112,842
1929.....	111.2	100.0	528.7	129,542
1931.....	93.2	83.8	317.9	107,868
1932.....	² 97.6	² 87.8		² 112,830

Source: U. S. Census of Manufactures.

¹ Production of all types of hosiery except infants', athletic, and golf hose.

² Preliminary estimate.

But despite the fact that the total demand for hosiery remained relatively stable, significant intraindustry adjustments took place. Of outstanding importance were the rapidly increasing production of women's full-fashioned hosiery and a significant displacement of the seamless product. The full-fashioned branch of the industry knit about six million (6,000,000) dozen pairs of hosiery in 1919, as compared with approximately thirty million (30,000,000) dozen pairs in 1932. Since 1929 the production and shipments of both women's full-fashioned and women's seamless hosiery have remained rather constant and at a relatively fixed ratio between the two products.

With only a minor falling off in shipments of hosiery in all classes since 1929, the industry has had a serious unemployment and under-employment problem. In part the solution of this problem involves the re-absorption by the industry of former, but now displaced, employees. To a much greater degree the problem involves the provision of more nearly full-time employment for those who since 1929 have received only part-time employment.

During the last four (4) years, the production of hosiery has been characterized by a seasonality of increasing severity. This is particularly true of the full-fashioned branch of the industry where the effect of seasonal plant operations upon employment is particularly marked. According to a study recently made by the Industrial Research Department of the University of Pennsylvania of the 1932 payrolls of seventeen (17) full-fashioned hosiery concerns, it appears that the chance to work was offered to about one sixth ($\frac{1}{6}$) of the workers of those concerns for less than five (5) months in the year. For almost four (4) months in 1932, one fourth ($\frac{1}{4}$) of the employees lacked the possibility of any employment. One of the most difficult and important problems to be met by the industry is the disposition of its large labor reserve which is not utilized for short-time employment.

This labor reserve and the irregularity of operations must be borne in mind when data pertaining to average number of workers employed are considered. The average number employed must be increased by providing more steady employment. Reference to the preceding Table I reveals that the hosiery industry employed an average work force of one hundred and seven thousand eight hundred sixty-eight (107,868) persons in 1931. A special tabulation made by the Bureau of the Census for 1931 shows that full-fashioned mills employed sixty-one thousand nineteen (61,019) workers on the average, as compared with an average of forty-eight thousand five hundred two (48,502) employees in the seamless branch of the industry. The total of this special tabulation (one hundred nine thousand five hundred twenty-one (109,521)) includes certain workers on children's seamless goods not included in the total of Table I.

For the week of July 10, 1933, a survey of number of workers employed was made by the National Association of Hosiery Manufacturers. The combined reports show that during that week fifty-six thousand four hundred twenty-seven (56,427) employees worked at two hundred fifty-seven (257) full-fashioned hosiery mills and the four hundred six (406) seamless mills employed fifty-three thousand nine hundred twenty (53,920) workers. It was thus estimated that

fifty-seven thousand (57,000) productive workers were employed in each of the two (2) branches of the industry, or a total of one hundred fourteen thousand (114,000). On the basis of the average hours worked by a representative number of these employees, it may be estimated that a total of five million nine hundred thousand (5,900,000) man-hours were worked in turning out the production of that week. Had the same production been made by a group of employees working forty (40) hours per week, a total of one hundred forty-seven thousand (147,000) workers would have been required instead of the one hundred fourteen thousand (114,000) workers who were actually employed. The forty (40) hour week provision of the Code would have made it possible to employ thirty-three thousand (33,000) additional employees during the week in question. Hence it is clear that the forty (40) hour week for hosiery workers will go far to:

1. Reemploy workers skilled in hosiery manufacture who have been forced to leave the industry.

2. Insure more nearly full-time employment for the great majority of the workers who have remained in the industry.

In 1929, the industry employed an average work force of one hundred twenty-nine thousand five hundred forty-two (129,542) workers, but with less seasonality of production than now. There was part-time employment for the month of that year's maximum activity. There were approximately one hundred fifty thousand (150,000) persons at work. Hence by restricting hours of work per worker to forty (40) per week, it is anticipated that employment can be got back to the 1929 level, and that the extent of short-time work for any large number of employees will be materially lessened.

WAGES

The Hosiery Code embodies in Article V significant provisions for the payment of minimum wages. In both the full-fashioned and seamless branches of the industry, occupational groupings have been made on the basis of the skill required. For each group of workers, a minimum wage has been specified, except for the full-fashioned knitters, who are subject to six different minima, depending upon the gauge (fineness) of the machine operated. In the preparation of its Code, the hosiery industry set the various minimum wages in order to insure that a minimum wage established for the least skilled workers could not exercise a depressing effect upon wages paid to operators of higher skill. The minimum wages in each class are particularly specified for the north and for the south, the latter being not quite ten percent (10%) below the northern rates. The southern differential established by the Hosiery Code represents a significant diminution in the range of wages that have prevailed between northern and southern plants. It should also be mentioned that the Code specifies the names of those states that constitute "south" for purposes of application of the Hosiery Code.

Over one half ($\frac{1}{2}$) of all full-fashioned employees are employed in occupations listed in Class No. 3. This occupational group is subject to a minimum wage of fifteen dollars (\$15.00) in the North and thirteen dollars and fifty cents (\$13.50) in the South. In appraising the significance of these wages, it is to be noted that for

the week of July 10, 1933, the workers in this classification averaged twenty-nine cents and seven mills (29.7¢) per hour and fourteen dollars and seventy-three cents (\$14.73) per week. Under the terms of the Hosiery Code, they will receive a minimum hourly earning of thirty-seven cents and five mills (37.5¢) in the North and nearly thirty-four cents (34¢) in the South. Since it is obvious that in 1933, many employees must have earned below the average wage, the new minimum earnings must result in a marked increase in the total wages paid by the industry.

Of the total number of seamless workers employed, almost eighty per cent (80%) work in the occupations grouped in Class No. 3 in the schedule of minimum earnings for the seamless industry. These workers, the large majority of all seamless employees, earned at the rate of nineteen cents and six mills (19.6¢) per hour and nine dollars and eighty-three (\$9.83) per week during the week of July 10, 1933. The terms of the Hosiery Code specify that these employees shall receive at least thirteen dollars (\$13.00) weekly in the North and twelve dollars (\$12.00) weekly in the South. Since the work-week has been designated at forty (40) hours, the Class No. 3 seamless workers will receive an hourly earning of thirty-two cents and five mills (32.5¢) in the North and of thirty cents (30¢) in the South. Thus the minimum weekly wage for nearly eighty per cent (80%) of all seamless workers has been placed at a level considerably higher than the average weekly wage they received in 1933. It is evident that significant increases in the earnings of these seamless workers will occur as a result of the operations of the Code. The seamless workers employed in the occupations listed in Class No. 2 will be paid a minimum weekly wage of fourteen dollars (\$14.00) in the North and twelve dollars and seventy-five cents (\$12.75) in the South. These minimum earnings may be compared with the average of thirteen dollars and thirty-eight cents (\$13.38) earned by this group during the week of July 10, 1933. Obviously, most of these employees will receive important increases in the weekly wage through the application of the minima.

Attention should be directed to the provisions for minimum wages for learners in both the full-fashioned and seamless schedules. Limited to this first three (3) months of training in the industry (whether continuous or not, and whether for one or more employers) a learner receives a minimum weekly wage of eight dollars (\$8.00). After this initial training period the learner is included in groups receiving a higher minimum pay. Those learners reported on the pay roll of the seamless industry during the week of July 10, 1933, received four dollars and fifty-nine cents (\$4.59) as their average weekly wage. By the terms of the Code, learners in the industry will receive a substantial increase in weekly earnings.

CONDITIONS OF WORK

By various terms of this Code, the hosiery industry has taken steps to insure fair standards of work in the industry. The outstanding provisions in this respect are as follows:

1. The Hosiery Industry has not yet experienced any significant problem relating to the farming out of work to be done at private

homes or elsewhere than in a plant. To prevent any future difficulties on this score, the above-mentioned practice has been prohibited by Article VI of the Code. Exceptions may be granted by the Code Authority only in cases of individual workers where it is shown that a worker can only work at home and requires such work as a means of livelihood.

2. The practice of requiring or permitting a knitter (full-fashioned) to pay part or all of the wages of a knitter helper is prohibited by Article V, Section 6 of the Code. The full wages of each employee must be paid by the employer.

3. In order to prevent excessive speeding up by increases in the task requirement, Article V, Section 7, provides that no employer shall require of his employees a greater hourly production than that required prior to July 1, 1933.

4. Attention has been given the so-called stretch-out problem by the terms of Article VI, Section 3, of the Hosiery Code. It is specifically stated that no full-fashioned knitter shall operate more than one footing machine, nor more than two legging machines. Moreover, when two legging machines are operated by one knitter, he must be assisted by two knitting helpers. For operations on the double machine basis the prevailing custom has been to have one knitter and one helper operate two machines. The provision just mentioned is designed to discourage the practice of double-machine operation in the full-fashioned branch of the industry by increasing the cost of utilizing this method. In addition, provision is made by the Code for the collection of information on the double-machine question by the Code Authority in order to provide a basis for further recommendations in this connection.

CORRELATION OF PRODUCTION WITH DEMAND

Since 1929 production and shipments of women's full-fashioned hosiery has averaged approximately thirty million (30,000,000) dozen pairs a year. Provision must be made to meet this demand, with certain allowances for seasonal fluctuation, but without resulting in the creation of a greatly excessive capacity. A carefully thought-out program in this connection has been briefly and simply stated by Article IV, Sections 6 and 7, of the Hosiery Code. It is provided that productive operations of a plant shall not exceed two shifts of forty (40) hours each. In the full-fashioned branch of the industry, however, additional restrictions are placed upon footing-machine operation. This was deemed necessary in order to prevent an unwise extended use of productive capacity.

About thirty-five percent (35%) of the footing machine equipment of the industry is so balanced with complementary legging machines as to permit the former to operate on two shifts. However, but ten percent (10%) of the footing machines are normally operated on two shifts. Hitherto it has not been deemed practicable to operate footers on two shifts, although the possibility of so doing would be increased enormously on a forty (40) hour schedule per shift. This is true because girls are employed as toppers and already existing restrictions on their hours of work have made two shifts impractical. Industry conferences brought out the fact that an undue

hardship would fall upon many small concerns should single-shift operation of the footing machines be made mandatory. On the other hand, to allow double-shift operation of footers on the forty (40) hour week basis would immediately result in the adoption of this method of operation by thirty-five percent (35%) of the industry. In addition, other manufacturers could and would place themselves on the double-shift basis in order to decrease unit costs of production. This they could do by changing the balance of their equipment through the addition of new legging machines. To insist upon single-shift footer operation would prove unduly burdensome to mills operating a minority of the equipment of the industry but representing a large number of plants. To allow double-shift operation of footers would be to offer an inducement to manufacturers to overequip the industry and to overproduce beyond any expected requirements for hosiery. This was the problem to be solved.

In meeting it, the representatives of the full-fashioned hosiery manufacturers, holding opposing points of view, were nevertheless able to compromise their differences. The reconciliation of the divergent interests in this matter by those concerned is deserving of the highest commendation.

Briefly, it was unanimously agreed that, for a period of six (6) months following the date on which the Code becomes effective, footing machines that were being operated on double shift on July 24, 1933, may continue on this basis, but that the length of each shift shall not exceed thirty-five (35) hours per week. The rates to be paid to operators of these machines will provide them earnings equivalent to what they would receive if working on forty (40) hour shift. Footing machines that were being operated on a single shift basis, prior to July 24, 1933, are to continue on that basis with forty (40) hours per shift. At the expiration of the six (6) months, trial period, the Code Authority is to submit for the approval of the Administrator a recommendation for determining a more permanent policy respecting footer operation.

The above arrangement insures that there will be no immediate and undue increase in productive capacity as a result of increasing the number of shifts being operated by footing machines. In addition, the increase of the labor cost of operating footers on two shifts eliminates any urge for manufacturers so to operate their equipment unless this is absolutely necessary to meet normal requirements. Through the operation of the terms of the provision just discussed, the manufacturing cost by means of single and double footer shift operation is virtually identical.

The handling of the footer shift question by the full-fashioned hosiery industry represents a rather outstanding example of industrial self-government. Effective steps to bring about a balancing of production and demand, and in such a manner as to impose no undue hardship on any manufacturer were taken by the industry and were embodied in the Code as submitted to the Administrator.

An additional problem, somewhat similar in nature, involved the woolen branch of the industry. Because of the seasonal nature of the demand for their product, woolen manufacturers anticipated that conformance with the two shift regulation would result in their inability to meet the normal requirements of their trade. By the pro-

visions of Article IV, Section 8, of the Code, manufacturers of woolen hosiery are permitted to operate their knitting equipment not to exceed three (3) shifts of forty (40) hours each until December 31, 1933. After this date their knitting operations shall be limited to two (2) shifts of forty (40) hours each.

ADMINISTRATION

This Code establishes a Hosiery Code Authority by means of Article IX entitled "Coordination and Administration." This Code Authority is to be composed of twelve (12) members. In addition to the two (2) appointed by the Administrator, eight (8) will be selected by the Board of Directors of the National Association of Hosiery Manufacturers, and the Administrator will appoint two (2) others on the nomination of the Labor Advisory Board.

Specific provision is thus made for labor representation on the Code Authority. The labor union in the hosiery industry is the American Federation of Full-Fashioned Hosiery Workers, affiliated with the American Federation of Labor through the United Textile Workers. This union is not representative of workers in the seamless branch of the industry; it has confined its activities entirely to the fashioned section, and claims to have approximately eighteen thousand (18,000) members who are to a large extent in the Philadelphia district. For the past four (4) years the union had a collective agreement with the Full-Fashioned Hosiery Manufacturers of America, Inc., whose approximately thirty (30) members account for twenty-six percent (26%) of the equipment of the full-fashioned division. In addition, the union claims to have individual contracts with several other concerns. It has recently been organizing in other areas, and the representation willingly accorded it on the Code Authority is at once a tribute to the open-mindedness of the National Association of Hosiery Manufacturers and an augury that the Code will be administered by employers in cooperation with employees.

Article IX of the Hosiery Code enumerates a series of recommendations which the Code Authority may make to the Administrator. These recommendations concern themselves with actions deemed desirable to effectuate the purposes of the National Industrial Recovery Act.

FAIR TRADE PRACTICES

Article VIII of the Hosiery Code is a series of sixteen (16) fair trade practice provisions to assure fair competition in the industry and proper practices in the merchandising of hosiery. Proper branding of hosiery for the protection of the consumer is the subject of several of the fair trade practice provisions. Other sections prohibit guarantee of prices against decline, rebates, commercial bribery, and shipments on consignment. In Section 4 of this Article it is stated that the selling of merchandise below cost is an unfair trade practice. Provision is also made for the submission to arbitration of disputes pertaining to the fair trade practice provisions of the Code.

CASES OF INDIVIDUAL HARDSHIP

A relatively few establishments anticipate individual hardships in adjusting their operations to the terms of the Hosiery Code. Some of these cases arose under the Executive Order, above referred to, and were given careful consideration. At the hearing and in subsequent conferences, all these manufacturers (which fortunately represent a small minority of the industry) were given an opportunity fully to state the problems which would be faced by them in operating under the Code. In practically all instances, these related to the elimination of third shifts by Code provision. The great majority of firms in the industry have operated their equipment on a one or two shift basis. In determining fair standards for the industry as a whole, it was impossible to prevent occasional individual hardship. Some mills in reducing from three to two shifts will have to reduce employment, but for the industry as a whole the limitation means stabilization and a great increase of employment. For the rare mill hitherto on three shifts or for the rare group of employees affected by the change to two shifts loyally to accept the provision is true industrial patriotism.

FINDINGS

The Deputy Administrator finds that:

(a) The Code as recommended complies in all respects with the pertinent provisions of Title I of the Act, including without limitation, subsection (a) of Section 7, and subsection (b) of Section 10 thereof; and that

(b) The National Association of Hosiery Manufacturers imposes no inequitable restrictions on admission to membership therein and is truly representative of the Hosiery Industry; and that

(c) The Code as recommended is not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them, and will tend to effectuate the policy of Title I of the National Industrial Recovery Act.

LINDSAY ROGERS,
Deputy Administrator.

AUGUST 25, 1933.

